

MAY 7 1941

UNIVERSITY OF ILLINOIS

# THE BUSINESS REVIEW



## FEDERAL RESERVE BANK OF PHILADELPHIA

MAY 1, 1941

Trade and industrial activity in the Third Federal Reserve District continues to expand. The production of defense materials has increased steadily to new high levels, and a large volume of orders is being received by nondefense industries stimulated by active consumer buying. Backlogs in many key lines, already adequate to sustain operations at current levels for several months, are expanding further. Both wholesale and factory delivery periods are being extended.

Scarcity of some materials and of several basic types of skilled labor is increasingly evident. Substitute materials, labor saving methods and training programs for semi-skilled workers are being adopted in many lines, but some curtailment of production in nonessential industries later in the year may be in prospect. In other sections of the country operations in the steel industry are being restricted by the shortage of fuel, resulting from the shutdown of the bituminous mines, but this has as yet had little effect on the output of steel in this District. Production of pig iron has been reduced.

Costs of labor and materials are rising and prices generally are strong. The unusually active demand for staple commodities in the face of potentially limited supplies and increased costs of production has raised quotations on these products to levels substantially above those prevailing before the war. Basic wage rates are being increased, and the volume of overtime work has expanded. The general level of wholesale prices has risen about 9 per cent since August 1939, but this increase is not yet reflected in the cost of living, which has in-

creased only 1 per cent in this period in Philadelphia and is nearly 20 per cent below 1929.

Industrial activity in the District expanded from February to March, when there is ordinarily little change, and reached a level 24 per cent above March 1940. Widespread gains occurred in the production of both durable and nondurable manufactured products. The output of electric power declined less than usual, and the production of coal and crude oil was reduced.

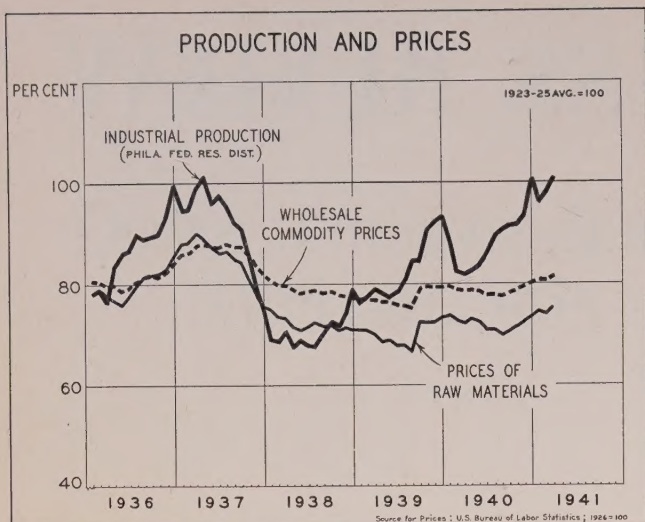
Building activity expanded further in March to high levels. A large volume of contracts was awarded for residences. Extensive new plant facilities are being built in the armament and other heavy industries, and widespread renovations are being made in commercial structures.

Employment and wage disbursements continue to increase. The number of factory wage earners in March was the largest since 1929, and further advances were in evidence in April. The volume of wage disbursements exceeded any month since 1923.

Retail stores have reported the largest volume of Easter business in the past twelve years. Trade increased in March, was unusually active in early April, and since then appears to have been well sustained. Wholesale buying is heavy, representing chiefly fill-in-orders.

The demand for commercial loans is active. Bank investments in government securities are increasing, and deposits and reserves approximate the highest levels on record. Money rates have been generally steady.





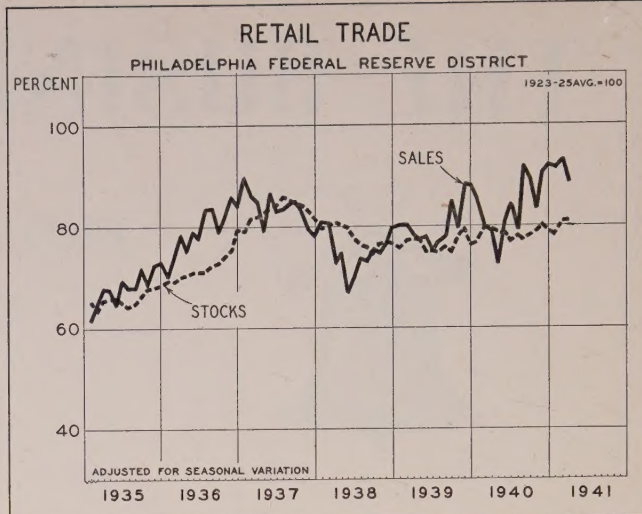
**Manufacturing.** Demand for products manufactured in this District continues to expand. The volume of inquiries is increasing in virtually all reporting lines, and sales have advanced further to levels substantially above a year ago. Backlogs are still growing in spite of higher operating schedules. Prices of manufactured goods are rising and are generally higher than in 1940.

Factory output increased further from the middle of March to the middle of April. Heavy shipments, however, are reducing stocks of finished goods in all reporting lines except building materials. In the textile industry, inventories are smaller than at this time last year. Supplies of raw materials have been increased further in recent weeks, except in the steel and textile industries.

Factory employment and payrolls have continued the steady expansion which, except for a slight decline over the turn of the year, has been in evidence since last spring. Preliminary reports indicate further increases in April, as the volume of defense production is increasing. Widespread shifting of workers into defense industries is in evidence. Basic wage rates are advancing and the volume of work at overtime rates is increasing.

The number of wage earners in Pennsylvania factories increased 2 per cent from February to March, reaching 1,040,000 workers or 15 per cent more than a year earlier. Wage disbursements increased 3 per cent in the month to an estimated \$28,900,000 a week, or 34 per cent more than a year ago.

Advances in employment and payrolls in March were widespread. At plants manufacturing dur-



able products, the largest gains were at shipyards, aircraft factories, and establishments producing automobiles and parts. Further substantial increases were reported in the steel industry, particularly in the case of structural steel, machinery, and tools. In the past year employment in heavy industries has expanded 23 per cent and payrolls 48 per cent. The number of workers producing consumers' goods in March was 5 per cent larger than a year ago, and payrolls in these lines were 14 per cent higher.

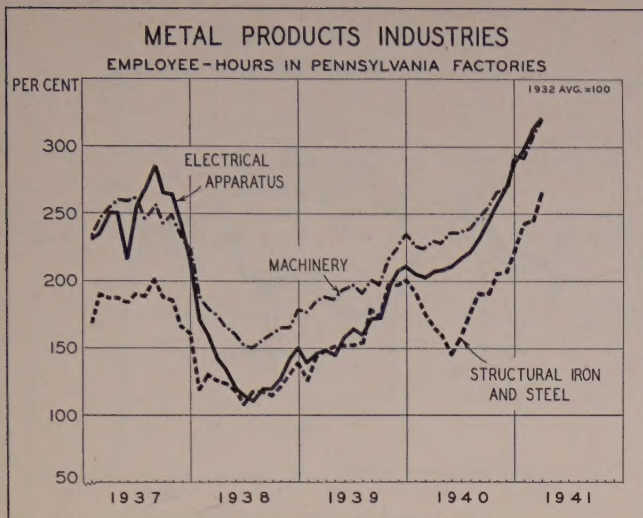
Average hourly earnings of factory workers in Pennsylvania advanced to a new high of more than 75 cents in March compared with 71 cents a year earlier and less than 59 cents at the peak of 1929. Working time increased fractionally to an average of 40½ hours a week, or about 10 hours a week less than in 1929. Weekly earnings in March reached a new high average of \$30.24.

Factory employment in Delaware increased 4 per cent in March and payrolls 2 per cent. In southern New Jersey, employment advanced 2 per cent and wage payments 5 per cent to levels 17 and 41 per cent, respectively, above a year ago.

The output of manufactured goods in this District expanded about 3 per cent from February to March, when there is customarily little change, and reached a level 25 per cent above March of 1940. Production of capital goods expanded 2 per cent and consumers' goods 4 per cent on a seasonally adjusted basis. The greatest improvement was in the textile and building materials industries; the only decline reported was at plants producing chemical products.

Production of electric power declined 3 per cent





less than seasonally from February to March and continued 16 per cent above a year ago. Total sales were reduced by the usual amount in the month, but the decline in sales to industry was somewhat smaller than was to be seasonally expected.

**Coal and other fuels.** Available supplies of bituminous coal are small, owing to the stoppage of mine operations in the Appalachian field on April 1. Operations in some industries are being curtailed because of the shortage of fuel. The demand for anthracite has slackened seasonally.

Production of anthracite decreased more than usual from February to March and declined further during the first part of April. Output in March averaged 176,800 tons a day as compared with 188,600 tons in February. The volume of hard coal mined during the first three months of 1941 aggregated about 14,000,000 tons or 8 per cent above a year ago.

The output of bituminous coal continued to expand through March when a seasonal decline was to be expected. Production increased from 430,500 tons a day in February to 446,800 tons in March. Output in the first quarter totaled nearly 33,000,000 tons, the largest in four years and 20 per cent above 1940.

Activity at by-product coke ovens was well sustained in March and production reached the highest level in records going back through 1923. The production of coke has been reduced recently because of the shortage of coal. Output of gas and fuel oils declined from February to March.

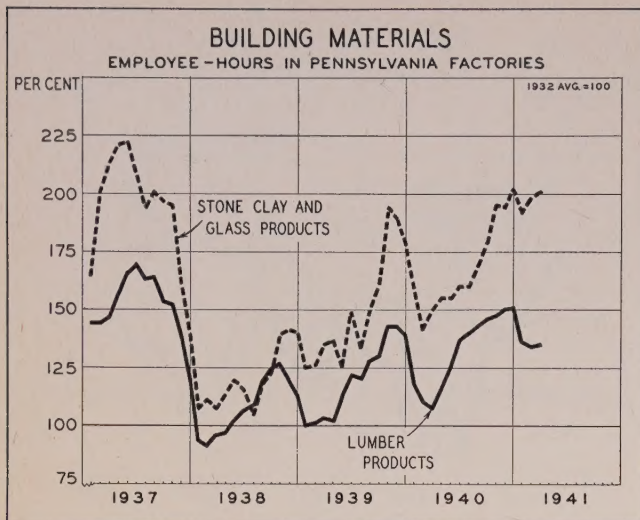


**Building.** Activity in the building industry in this District increased in March. A substantial volume of operations on commercial and factory buildings and public works and utilities has been undertaken. The demand for dwellings and manufacturing space has improved considerably and rentals generally are advancing.

The reported value of awards increased from \$10,900,000 in February to \$29,600,000 in March. This was the largest since 1931 and was considerably more than double the dollar volume of a year earlier. Sharp gains in the month were reported in the case of all types of construction, the most pronounced being in awards for commercial buildings, multiple-family dwellings, and unclassified structures. Contracts for one and two-family houses increased further in March and were the largest for that month since 1929. Contracts for factory buildings, including some structures started earlier, totaled nearly \$4,000,000, as against only \$500,000 in March 1940. Aggregate awards in the first three months of 1941 amounted to \$58,900,000, or 44 per cent more than in the same period last year.

**Agriculture.** Seasonal farming operations are progressing rapidly, growing conditions are moderately favorable, and the market for farm products has improved considerably. Prices of agricultural commodities have advanced over 6 per cent since February and in mid-April were 10 per cent higher than a year ago. Farm cash income has been increasing. In Pennsylvania, New Jersey, and Delaware receipts from the sale of crops and livestock products through February approximated \$56,000,000, as against \$51,400,000 in the first two months last year.



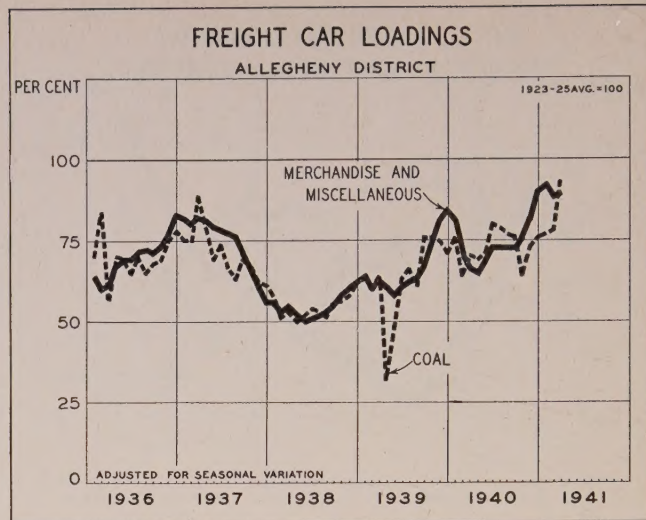


The supply of farm labor is being reduced by the opportunities for employment at higher wages in defense industries. The cost of producing farm products is increasing, reflecting principally advances in wage rates for agricultural workers. In this section the monthly rate without board on April 1 was nearly 9 per cent above a year ago.

Moisture conditions were adequate at the beginning of the season, but unusually high temperatures and insufficient rainfall in the first half of April dried out the top soil, retarding the germination of seed and the growth of early truck crops. Wheat and rye were damaged less than usual by winter weather and their condition on April 1 was somewhat above average. The outlook for orchard fruits is generally satisfactory.

**Trade.** The movement of commodities from producers to consumers continues unusually active. Easter business at retail establishments reached the largest volume since 1929, and the indications are that purchases by consumers throughout April were well sustained at levels substantially above a year ago. In the wholesale markets reordering of both seasonal and staple merchandise is active, and delivery periods are being extended. The movement of freight was heavy in March and appears to have been well maintained in April in spite of the shut-down of bituminous mines.

Sales by department stores increased slightly less than usual from February to March, owing principally to unfavorable weather in the early part of the month. Subsequently, business expanded sharply in the case of both seasonal and other goods and was at levels well above a year earlier.



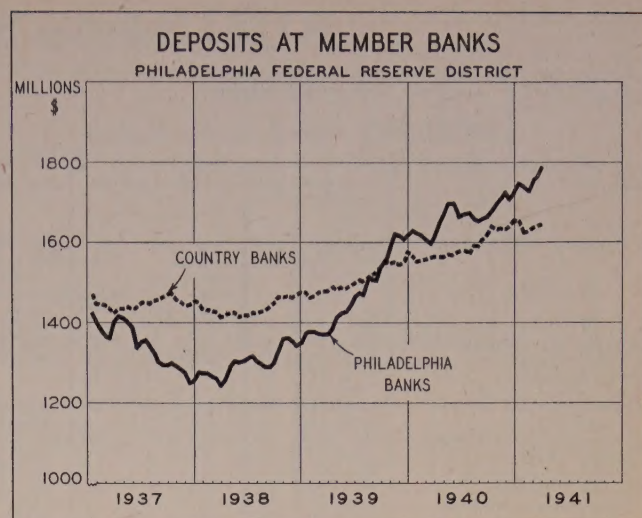
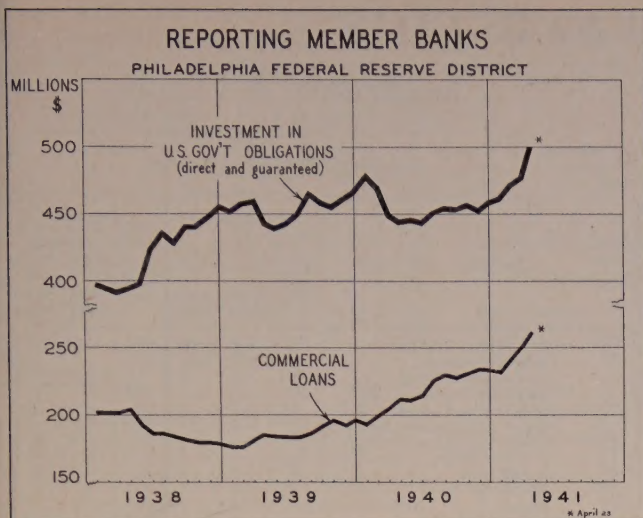
At men's apparel stores, sales increased slightly more than seasonally in March but at other reporting establishments the gains were smaller than were to be expected. Inventories generally are larger than a year ago, but the increases have been substantially smaller than the expansion in sales.

Wholesale trade sales increased from February to March in all reporting lines except groceries and jewelry, and in all cases the volume of business was substantially larger than in March 1940. As retailers' stocks were depleted substantially by the large volume of holiday business, fill-in buying for prompt delivery has been heavy. Inventories at wholesale establishments, except in the case of dry goods and paper, are larger than last year but are not heavy in comparison with sales.

The movement of freight in March was unusually active. The seasonally adjusted index of total freight-car loadings in the Allegheny District reached the highest level since 1930 and was 36 per cent above March of last year. The volume of most types of shipments increased more than was to be expected from February to March. The only exception was in the movement of ore, which has been unusually heavy for the past several months. In the first quarter shipments of all types of goods except farm products were substantially larger than in 1940. Freight-car loadings in the Philadelphia area have also expanded.

Sales of new passenger automobiles increased 16 per cent from February to March and were 14 per cent above a year ago. Buying has been unusually heavy, as consumer incomes have increased substantially and the prospects are that prices of automobiles may rise and supplies may be restricted somewhat later in the year.





**Banking conditions.** The demand for commercial loans has continued active over the past month, and credit at the reporting banks has been further expanded by the purchase of a substantial amount of Treasury securities. Deposits have advanced sharply to a new peak.

Member bank reserves increased \$60,000,000 in the preceding five weeks and more than \$90,000,000 in the last twelve months to \$781,400,000 on April 23. Gains were reported chiefly by banks in Philadelphia, where average reserves in the first half of the month were 129 per cent above requirements. At the country member banks, which carry relatively larger balances with correspondent institutions, the proportion of excess to required reserves was 86 per cent.

Since March 19 this District has gained \$71,000,000 in transactions with other districts. The only substantial withdrawal of funds from the market has been through an increase of \$10,000,000 in the demand for currency. Treasury operations have involved a substantial shifting of funds, but the net effect upon the reserves of member banks has been small. Subscriptions received by this Bank to offerings of direct and guaranteed obligations of the United States totaled over \$700,000,000, and allotments, paid for largely in cash, were in excess of \$77,000,000. This heavy transfer of funds to Treasury balances and the government's receipts from taxes and other sources were largely counterbalanced by heavy disbursements for work relief, Social Security and unemployment benefits, ship construction and other defense production.

No significant change has taken place in the bill and security holdings of this Bank other than a reduction in holdings of governments from \$174,-

800,000 to \$173,100,000 on April 1, when the securities in the System Open Market Account were reallocated among the Reserve Banks.

Earning assets of the reporting member banks increased \$39,000,000 in the five weeks ended April 23 to \$1,281,000,000, establishing a new high since the fall of 1931. Investments were increased \$22,000,000 by large purchases of United States bonds. Holdings of guaranteed obligations declined somewhat in spite of the allotment of notes of the Reconstruction Finance Corporation. The investment in corporate and municipal securities has been steady in recent months.

Loans increased \$17,000,000 to \$505,000,000 on April 23, owing principally to the rising demand for commercial credit. Since early 1939 the volume of commercial loans has expanded approximately 50 per cent, reflecting increased business activity, heavier inventories, and rising costs and prices. In the past five weeks small increases also were reported in several other types of loans; the only decline was in those made to carry securities.

Deposits at the reporting banks have increased 11 per cent since April 1940 to an all-time peak of \$1,969,000,000. The increase of \$100,000,000 in the past month was chiefly in balances of states and local governments.

Outstanding acceptances of banks in this district have increased \$2,100,000 in the past year to \$11,800,000. The volume of paper covering imports and domestic shipments increased sharply, while the financing of exports and transactions based on goods stored in or shipped between foreign countries declined.



# BUSINESS STATISTICS

## Production

Philadelphia Federal Reserve District

## Employment and Income

in Pennsylvania

Industry, Trade and Service

| Indexes: 1923-5=100         | Adjusted for seasonal variation |           |           |                 |                      |       | Not adjusted |           |           |
|-----------------------------|---------------------------------|-----------|-----------|-----------------|----------------------|-------|--------------|-----------|-----------|
|                             | Mar. 1941                       | Feb. 1941 | Mar. 1940 | Per cent change |                      |       | Mar. 1941    | Feb. 1941 | Mar. 1940 |
|                             |                                 |           |           | Mar. 1941 from  | 1941 from 3 mos. ago | 1940  |              |           |           |
|                             |                                 |           |           |                 |                      |       |              |           |           |
| INDUSTRIAL PRODUCTION       | 101p                            | 98        | 82r       | + 3             | + 24                 | + 17  | 102p         | 99        | 83r       |
| MANUFACTURING               | 101p                            | 98        | 81        | + 3             | + 25                 | + 19  | 102p         | 99        | 81r       |
| Durable goods               | 120p                            | 117       | 81        | + 2             | + 47                 | + 40  |              |           |           |
| Consumers' goods            | 88p                             | 85        | 81        | + 4             | + 9                  | + 3   |              |           |           |
| Metal products              | 124p                            | 121       | 83        | + 2             | + 49                 | + 38  | 126p         | 123       | 85        |
| Textile products            | 82p                             | 75        | 70        | + 8             | + 16                 | + 3   | 84p          | 81        | 73        |
| Transportation equipment    | 164                             | 161       | 93        | + 1             | + 76                 | + 66  | 173          | 162       | 99        |
| Food products               | 81p                             | 81        | 78        | + 0             | + 4                  | + 4   | 80p          | 80        | 77        |
| Tobacco and products        | 106                             | 101       | 105       | + 5             | + 1                  | + 2   | 98           | 85        | 96        |
| Building materials          | 55                              | 52r       | 40        | + 7             | + 37                 | + 42  | 49           | 44        | 35        |
| Chemicals and products      | 130p                            | 133       | 129       | + 3             | + 1                  | + 4   | 131p         | 133       | 129       |
| Leather and products        | 114p                            | 112       | 106       | + 2             | + 8                  | - 1   | 118p         | 118       | 109       |
| Paper and printing          | 88                              | 89        | 87        | + 0             | + 2                  | + 0   | 90           | 89        | 88        |
| Individual lines            |                                 |           |           |                 |                      |       |              |           |           |
| Pig iron                    | 82                              | 92        | 69        | -10             | + 19                 | + 16  | 94           | 95        | 80        |
| Steel                       | 106                             | 106       | 73        | + 1             | + 45                 | + 29  | 114          | 111       | 79        |
| Iron castings               | 82p                             | 86        | 66        | + 6             | + 24                 | + 24  | 86p          | 88        | 69        |
| Steel castings              | 144                             | 136       | 68        | + 6             | + 111                | + 80  | 162          | 152       | 77        |
| Electrical apparatus        | 169                             | 159r      | 109       | + 6             | + 55                 | + 52  | 157          | 153r      | 101       |
| Motor vehicles              | 34                              | 34        | 15        | - 1             | + 129                | + 81  | 36           | 34        | 16        |
| Automobile parts and bodies | 105                             | 100       | 67        | + 5             | + 57                 | + 47  | 115          | 108       | 73        |
| Locomotives and cars        | 48                              | 51        | 40        | - 7             | + 22                 | + 27  | 52           | 52        | 43        |
| Shipbuilding                | 818                             | 808       | 443       | + 1             | + 85                 | + 77  | 850          | 792       | 461       |
| Silk manufactures           | 80                              | 75r       | 70        | + 7             | + 13                 | + 7   | 82           | 79        | 73        |
| Woolen and worsteds         | 73                              | 67r       | 51        | + 10            | + 44                 | + 23  | 71           | 69r       | 49        |
| Cotton products             | 51                              | 46r       | 45        | + 11            | + 14                 | + 3   | 54           | 49r       | 48        |
| Carpets and rugs            | 124                             | 117       | 120       | + 6             | + 3                  | - 12  | 123          | 119       | 119       |
| Hosiery                     | 92                              | 87        | 80        | + 6             | + 16                 | - 2   | 96           | 91        | 83        |
| Underwear                   | 136                             | 130       | 137       | + 4             | - 1                  | - 2   | 148          | 142r      | 150       |
| Cement                      | 91                              | 76        | 67        | + 19            | + 35                 | + 53  | 70           | 53        | 52        |
| Brick                       | 64                              | 66r       | 38        | + 3             | + 68                 | + 58  | 63           | 64r       | 37        |
| Lumber and products         | 30                              | 29        | 26        | + 1             | + 15                 | + 13  | 28           | 28        | 24        |
| Bread and bakery products   |                                 |           |           | + 1*            | + 3*                 | + 2*  | 92           | 91r       | 89        |
| Slaughtering, meat packing  | 99                              | 95        | 100       | + 4             | - 1                  | - 2   | 95           | 97        | 96        |
| Sugar refining              | 61                              | 77        | 51        | - 21            | + 19                 | + 21  | 93           | 100       | 78        |
| Canning and preserving      | 72p                             | 72        | 65        | + 0             | + 12                 | + 16  | 66p          | 67        | 57        |
| Cigars                      | 105                             | 100       | 104       | + 5             | + 1                  | - 3   | 97           | 84        | 95        |
| Paper and wood pulp         | 79                              | 79        | 75        | + 0             | + 5                  | + 2   | 81           | 79        | 77        |
| Printing and publishing     | 90                              | 90        | 89        | - 1             | + 1                  | 0     | 92           | 90        | 91        |
| Shoes                       | 141                             | 139       | 120       | + 2             | + 17                 | + 6   | 150          | 146       | 128       |
| Leather, goat and kid       | 88p                             | 85        | 92        | + 3             | - 4                  | - 10  | 87p          | 92        | 91        |
| Explosives                  | 144                             | 146       | 98        | - 2             | + 47                 | + 43  | 144          | 146       | 98        |
| Paints and varnishes        | 91                              | 89        | 81        | + 3             | + 12                 | + 8   | 93           | 87        | 83        |
| Petroleum products          | 145p                            | 155       | 172       | - 6             | - 15                 | - 7   | 144p         | 152       | 170       |
| Coke, by-product            | 143                             | 141       | 118       | + 1             | + 21                 | + 12  | 149          | 149       | 123       |
| COAL MINING                 | 67                              | 67        | 55r       | 0               | + 23                 | + 13  | 69           | 73        | 57        |
| Anthracite                  | 64p                             | 65        | 53r       | - 2             | + 21                 | + 8   | 66p          | 71        | 55        |
| Bituminous                  | 92                              | 83        | 68r       | + 11            | + 35                 | + 20  | 94           | 90        | 69r       |
| CRUDE OIL                   | 382                             | 396       | 417       | - 3             | - 8                  | - 9   | 390          | 396       | 426       |
| ELEC. POWER—OUTPUT          | 312                             | 302       | 270       | + 3             | + 16                 | + 14  | 318          | 320       | 275       |
| Sales, total                | 313                             | 312       | 271       | + 0             | + 16                 | + 15  | 310          | 337       | 268       |
| Sales to industries         | 236                             | 231       | 189       | + 2             | + 25                 | + 21  | 224          | 228       | 179       |
| BUILDING CONTRACTS          |                                 |           |           |                 |                      |       |              |           |           |
| TOTAL AWARDS†               | 90                              | 64        | 63        | + 41            | + 44                 | + 38  | 79           | 64        | 55        |
| Residential†                | 66                              | 64        | 57        | + 3             | + 16                 | + 31  | 50           | 45        | 43        |
| Nonresidential†             | 111                             | 84        | 44        | + 32            | + 155                | + 116 | 111          | 85        | 44        |
| Public works and utilities† | 94                              | 55        | 125       | + 71            | - 25                 | - 30  | 86           | 66        | 114       |

\* Unadjusted for seasonal variation.

† 3-month moving daily average centered at 3rd month.

p—Preliminary.

r—Revised.

## Local Business Conditions\*

| Percentage change—March 1941 from month and year ago | Employment |           | Payrolls  |           | Building permits value |           | Retail sales |           | Debits    |           |
|------------------------------------------------------|------------|-----------|-----------|-----------|------------------------|-----------|--------------|-----------|-----------|-----------|
|                                                      | Feb. 1941  | Mar. 1940 | Feb. 1941 | Mar. 1940 | Feb. 1941              | Mar. 1940 | Feb. 1941    | Mar. 1940 | Feb. 1941 | Mar. 1940 |
|                                                      |            |           |           |           |                        |           |              |           |           |           |
| Allentown                                            | +3         | +19       | +7        | +45       | +127                   | +101      | -1           | 0         | +17       | +10       |
| Altoona                                              | +2         | +2        | +3        | +8        | -29                    | -16       | +30          | +9        | +12       | +12       |
| Harrisburg                                           | +2         | +25       | +1        | +42       | +352                   | -16       | +20          | +13       | +31       | +23       |
| Johnstown                                            | +1         | +13       | 0         | +31       | -3                     | -40       | -11          | +4        | +11       | +14       |
| Lancaster                                            | +1         | +3        | +5        | +16       | +426                   | -39       | +52          | +2        | +49       | +10       |
| Philadelphia                                         | +2         | +19       | +2        | +36       | +85                    | +26       | +18          | +6        | +26       | +32       |
| Reading                                              | +2         | +13       | +5        | +39       | +27                    | +85       | +22          | +13       | +19       | +15       |
| Scranton                                             | +1         | +6        | +1        | +17       | +203                   | -64       | +28          | -2        | +15       | -1        |
| Trenton                                              | +2         | +13       | +4        | +26       | +7                     | +293      | +16          | +1        | +5        | +1        |
| Wilkes-Barre                                         | +3         | +8        | +7        | +23       | -1                     | -7        | +37          | +8        | +13       | +17       |
| Williamsport                                         | +1         | +6        | +4        | +19       | +153                   | -80       |              |           | +16       | +15       |
| Wilmington                                           | +3         | +21       | +2        | +37       | +631                   | +403      | +19          | +13       | +51       | +22       |
| York                                                 | -6         | +20       | +2        | +51       | -68                    | -30       | +21          | +9        | +10       | +26       |

\* Area not restricted to the corporate limits of cities given here.

| Indexes: 1932 = 100                 | Employment            |                         |              | Payrolls              |                         |              |
|-------------------------------------|-----------------------|-------------------------|--------------|-----------------------|-------------------------|--------------|
|                                     | Mar.<br>1941<br>index | Per cent<br>change from |              | Mar.<br>1941<br>index | Per cent<br>change from |              |
|                                     |                       | Feb.<br>1941            | Mar.<br>1940 |                       | Feb.<br>1941            | Mar.<br>1940 |
|                                     |                       |                         |              |                       |                         |              |
| GENERAL INDEX . . . . .             | 121                   | +2                      | +10          | 194                   | +3                      | +27          |
| Manufacturing . . . . .             | 155                   | +2                      | +15          | 265                   | +3                      | +34          |
| Anthracite mining . . . . .         | 67                    | -1                      | -3           | 73                    | -6                      | +10          |
| Bituminous coal mining . . . . .    | 110                   | +1                      | +4           | 247                   | +5                      | +25          |
| Building and construction . . . . . | 43                    | +2                      | +6           | 67                    | +1                      | +22          |
| Quar. and nonmet. mining . . . . .  | 107                   | +7                      | +11          | 217                   | +9                      | +31          |
| Crude petroleum prod. . . . .       | 136                   | -1                      | +4           | 167                   | 0                       | +7           |
| Public utilities . . . . .          | 100                   | 0                       | +5           | 115                   | +2                      | +7           |
| Retail trade . . . . .              | 107                   | +2                      | 0            | 128                   | +2                      | +3           |
| Wholesale trade . . . . .           | 126                   | +3                      | +2           | 135                   | +2                      | +8           |
| Hotels . . . . .                    | 100                   | -2                      | -2           | 123                   | -1                      | +3           |
| Laundries . . . . .                 | 108                   | +1                      | +7           | 139                   | +1                      | +10          |
| Dyeing and cleaning . . . . .       | 100                   | +1                      | +11          | 116                   | -2                      | +6           |

## Manufacturing

| Indexes: 1923-5 = 100     | Employment*           |                         |              | Payrolls*             |                         |              |
|---------------------------|-----------------------|-------------------------|--------------|-----------------------|-------------------------|--------------|
|                           | Mar.<br>1941<br>index | Per cent<br>change from |              | Mar.<br>1941<br>index | Per cent<br>change from |              |
|                           |                       | Feb.<br>1941            | Mar.<br>1940 |                       | Feb.<br>1941            | Mar.<br>1940 |
|                           |                       |                         |              |                       |                         |              |
| TOTAL                     | 100                   | +2                      | +15          | 108                   | +3                      | +34          |
| Iron, steel and products  | 101                   | +1                      | +25          | 147                   | +4                      | +51          |
| Nonferrous metal products | 157                   | +3                      | +30          | 218                   | +5                      | +48          |
| Transportation equipment  | 76                    | +5                      | +23          | 85                    | +3                      | +29          |
| Textiles and clothing     | 96                    | +2                      | +7           | 98                    | +4                      | +21          |
| Textiles                  | 89                    | +1                      | +9           | 90                    | +4                      | +24          |
| Clothing                  | 125                   | +2                      | +2           | 134                   | +5                      | +13          |
| Food products             | 106                   | +1                      | +4           | 113                   | +1                      | +5           |
| Stone, clay and glass     | 89                    | +3                      | +17          | 97                    | +3                      | +29          |
| Lumber products           | 61                    | 0                       | +17          | 58                    | +3                      | +31          |
| Chemicals and products    | 100                   | +1                      | +7           | 116                   | +3                      | +13          |
| Leather and products      | 96                    | +1                      | +4           | 103                   | +2                      | +21          |
| Paper and printing        | 100                   | +1                      | +2           | 111                   | +3                      | +7           |
| Printing                  | 90                    | +1                      | +1           | 102                   | +3                      | +4           |
| Others:                   |                       |                         |              |                       |                         |              |
| Cigars and tobacco        | 63                    | -4                      | +3           | 57                    | -3                      | +5           |
| Rubber tires, goods       | 92                    | 0                       | +13          | 108                   | -2                      | +25          |
| Musical instruments       | 73                    | 0                       | +13          | 88                    | +3                      | +34          |

\* Figures from 2,429 plants.

## Hours and Wages

| Factory workers Averages March 1941 and per cent change from year ago | Weekly working time* |       | Hourly earnings* |       | Weekly earnings† |       |
|-----------------------------------------------------------------------|----------------------|-------|------------------|-------|------------------|-------|
|                                                                       | Average hours        | Ch'ge | Average          | Ch'ge | Average          | Ch'ge |
|                                                                       |                      |       |                  |       |                  |       |
| TOTAL                                                                 | 40.5                 | +10   | \$ .752          | +6    | \$30.24          | +16   |
| Iron, steel and prod.                                                 | 41.9                 | +15   | .832             | +5    | 34.80            | +21   |
| Nonfer. metal prod.                                                   | 40.5                 | +7    | .686             | +4    | 27.82            | +11   |
| Transportation equip.                                                 | 42.4                 | +3    | .829             | +2    | 35.18            | +6    |
| Textiles and clothing                                                 | 37.5                 | +7    | .543             | +6    | 20.40            | +13   |
| Textiles                                                              | 37.6                 | +9    | .549             | +5    | 20.63            | +15   |
| Clothing                                                              | 37.2                 | +2    | .523             | +8    | 19.73            | +9    |
| Food products                                                         | 39.6                 | -1    | .617             | +1    | 24.96            | +1    |
| Stone, clay and glass                                                 | 36.9                 | +8    | .733             | +1    | 26.91            | +9    |
| Lumber products                                                       | 38.3                 | +6    | .587             | +6    | 22.14            | +13   |
| Chemicals and prod.                                                   | 38.8                 | +3    | .813             | +1    | 31.23            | +5    |
| Leather and products                                                  | 39.7                 | +11   | .562             | +4    | 22.14            | +15   |
| Paper and printing                                                    | 39.7                 | +2    | .731             | +3    | 30.33            | +4    |
| Printing                                                              | 36.9                 | 0     | .935             | +3    | 36.37            | +3    |
| Others:                                                               |                      |       |                  |       |                  |       |
| Cigars and tobacco                                                    | 36.0                 | +2    | .459             | +1    | 16.49            | +3    |
| Rubber tires, goods                                                   | 37.4                 | +10   | .733             | 0     | 27.45            | +10   |
| Musical instruments                                                   | 44.2                 | +4    | .715             | +13   | 31.62            | +17   |

\* Figures from 2,214 plants.

† Figures from 2,429 plants



## Distribution and Prices

| Wholesale trade<br>Unadjusted for seasonal<br>variation | Per cent change    |             |                           |
|---------------------------------------------------------|--------------------|-------------|---------------------------|
|                                                         | March 1941<br>from |             | 1941<br>from<br>3<br>mos. |
|                                                         | Month<br>ago       | Year<br>ago | 1940                      |
| <b>Sales</b>                                            |                    |             |                           |
| Total of all lines.....                                 | + 1                | +28         | +26                       |
| Boots and shoes.....                                    | +15                | +31         | +40                       |
| Dry goods.....                                          | + 5                | +25         | +17                       |
| Electrical supplies.....                                | + 1                | +54         | +57                       |
| Groceries.....                                          | - 3                | +16         | +13                       |
| Hardware.....                                           | + 8                | +51         | +50                       |
| Jewelry.....                                            | - 4                | +19         | +35                       |
| Paper.....                                              | + 3                | +26         | +13                       |
| <b>Inventories</b>                                      |                    |             |                           |
| Total of all lines.....                                 | + 5                | +10         | .....                     |
| Dry goods.....                                          | + 1                | -14         | .....                     |
| Electrical supplies.....                                | + 8                | +37         | .....                     |
| Groceries.....                                          | + 7                | +22         | .....                     |
| Hardware.....                                           | + 5                | +27         | .....                     |
| Jewelry.....                                            | + 4                | + 3         | .....                     |
| Paper.....                                              | + 4                | -11         | .....                     |

Source: U. S. Department of Commerce.

| Commodity prices<br>Index: 1926=100 | Mar.<br>1941 | Per cent change from |     |      |
|-------------------------------------|--------------|----------------------|-----|------|
|                                     |              | Month                |     | Aug. |
|                                     |              | ago                  | ago | 1939 |
| <b>Basic commodities</b>            |              |                      |     |      |
| 7 industrial.....                   | 90           | +2                   | +14 | +27  |
| 7 agricultural.....                 | 59           | +5                   | + 8 | +24  |
| <b>Wholesale (813)*</b>             | 81           | +1                   | + 4 | + 9  |
| Raw materials.....                  | 75           | +2                   | + 5 | +13  |
| Finished products.....              | 84           | +1                   | + 4 | + 6  |
| Farm.....                           | 72           | +2                   | + 5 | +17  |
| Food.....                           | 75           | +2                   | + 7 | +12  |
| Other.....                          | 85           | +1                   | + 2 | + 6  |
| <b>Retail food*</b>                 |              |                      |     |      |
| (1935-9=100).....                   | 98           | +1                   | + 3 | + 5  |
| Philadelphia.....                   | 95           | 0                    | + 2 | + 2  |
| Scranton.....                       | 98           | 0                    | + 1 | + 6  |

\* Source: U. S. Bureau of Labor Statistics.

| Indexes: 1935-1939=100                 | Adjusted for seasonal variation |              |              |                   |             |                           | Not adjusted |              |              |
|----------------------------------------|---------------------------------|--------------|--------------|-------------------|-------------|---------------------------|--------------|--------------|--------------|
|                                        | Mar.<br>1941                    | Feb.<br>1941 | Mar.<br>1940 | Per cent change   |             |                           | Mar.<br>1941 | Feb.<br>1941 | Mar.<br>1940 |
|                                        |                                 |              |              | Mar. 1941<br>from |             | 1941<br>from<br>3<br>mos. |              |              |              |
|                                        |                                 |              |              | Month<br>ago      | Year<br>ago | 1940                      |              |              |              |
| <b>RETAIL TRADE</b>                    |                                 |              |              |                   |             |                           |              |              |              |
| <b>Sales</b>                           |                                 |              |              |                   |             |                           |              |              |              |
| Department stores—District.....        | 117p                            | 118          | 102          | - 1               | +14         | +11                       | 106p         | 90           | 99           |
| Philadelphia.....                      | 115                             | 116          | 101          | - 1               | +14         | +11                       | 104          | 89           | 97           |
| Men's apparel.....                     | 112p                            | 111          | 103          | + 1               | + 9         | + 5                       | 97p          | 88           | 97           |
| Women's apparel.....                   | 95p                             | 107          | 85           | -12               | +11         | + 5                       | 108p         | 77           | 104          |
| Shoe.....                              | 101                             | 114r         | 107          | -12               | - 6         | + 4                       | 102          | 76r          | 117          |
| Credit.....                            | 120p                            | 131          | 108          | - 8               | +11         | + 7                       | 102p         | 95           | 99           |
| <b>Inventories</b>                     |                                 |              |              |                   |             |                           |              |              |              |
| Department stores—District.....        | 103p                            | 101          | 98           | + 3               | + 6         | .....                     | 105p         | 97           | 99           |
| Philadelphia.....                      | 99                              | 97           | 94           | + 2               | + 6         | .....                     | 99           | 93           | 94           |
| Women's apparel.....                   | 99p                             | 101          | 96           | - 2               | + 3         | .....                     | 108p         | 100          | 105          |
| Shoe.....                              | 101                             | 106          | 107          | - 4               | - 5         | .....                     | 105          | 98           | 111          |
| Credit.....                            | 121p                            | 114          | 117          | + 6               | + 4         | .....                     | 125p         | 114          | 120          |
| <b>FREIGHT-CAR LOADINGS</b>            |                                 |              |              |                   |             |                           |              |              |              |
| Total.....                             | 144                             | 137          | 106          | + 5               | +36         | +21                       | 133          | 123          | 98           |
| Merchandise and miscellaneous.....     | 138                             | 135          | 102          | + 2               | +36         | +23                       | 133          | 123          | 98           |
| Merchandise—l.c.l.....                 | 105                             | 100          | 89           | + 6               | +19         | + 9                       | 106          | 98           | 90           |
| Coal.....                              | 144                             | 120          | 108          | +19               | +33         | +16                       | 139          | 131          | 105          |
| Ore.....                               | 257                             | 289          | 169          | -11               | +52         | +53                       | 82           | 69           | 54           |
| Coke.....                              | 176                             | 166          | 102          | + 6               | +73         | +39                       | 187          | 183          | 108          |
| Forest products.....                   | 103                             | 97           | 74           | + 6               | +39         | +41                       | 102          | 96           | 73           |
| Grain and products.....                | 123                             | 93           | 114          | +33               | + 8         | - 2                       | 116          | 96           | 107          |
| Livestock.....                         | 111                             | 97           | 108          | +14               | + 3         | - 1                       | 95           | 93           | 93           |
| <b>MISCELLANEOUS</b>                   |                                 |              |              |                   |             |                           |              |              |              |
| Life insurance sales.....              | 94                              | 95           | 93           | - 1               | + 1         | + 4                       | 104          | 109          | 103          |
| New passenger auto. registrations..... | .....                           | .....        | .....        | +16*              | +14*        | +15*                      | 159          | 138          | 140          |
| Hotels—(1934=100).....                 | .....                           | .....        | .....        | 0*                | +7*         | +7*                       | 109p         | 109          | 103          |
| Occupancy.....                         | .....                           | .....        | .....        | - 4*              | +12*        | +14*                      | 118p         | 122          | 106          |
| Income, total.....                     | .....                           | .....        | .....        | .....             | .....       | .....                     | .....        | .....        | .....        |
| Business liquidations                  | .....                           | .....        | .....        | .....             | .....       | .....                     | .....        | .....        | .....        |
| Number.....                            | .....                           | .....        | .....        | -12*              | +3*         | +11*                      | 116          | 133          | 113          |
| Amount of liabilities.....             | .....                           | .....        | .....        | -26*              | +59*        | +31*                      | 83           | 112          | 52           |
| Check payments.....                    | 133                             | 118          | 110          | +13               | +21         | +14                       | 131          | 120          | 108          |

\* Computed from unadjusted data.

p—Preliminary.

r—Revised.

## BANKING STATISTICS

### MEMBER BANK RESERVES AND RELATED FACTORS

| Reporting member<br>banks<br>(000,000's omitted) | Apr.<br>23,<br>1941 | Changes in—    |                |
|--------------------------------------------------|---------------------|----------------|----------------|
|                                                  |                     | Five<br>weeks  | One<br>year    |
| <b>Assets</b>                                    |                     |                |                |
| Commercial loans.....                            | \$ 262              | + \$ 13        | + \$ 51*       |
| Open market paper.....                           | 37                  | + 2            | + 8            |
| Loans to brokers, etc.....                       | 25                  | + 1            | + 1            |
| Other loans to carry secur.....                  | 28                  | - 2            | - 3            |
| Loans on real estate.....                        | 50                  | + 1            | + 1            |
| Loans to banks.....                              | .....               | .....          | .....          |
| Other loans.....                                 | 103                 | + 2            | + 9*           |
| <b>Total loans.....</b>                          | <b>\$ 505</b>       | <b>+ \$ 17</b> | <b>+ \$ 66</b> |
| Government securities.....                       | \$ 412              | + \$ 25        | + \$ 70        |
| Obligations fully guar. ted.....                 | 88                  | - 2            | - 14           |
| Other securities.....                            | 276                 | - 1            | .....          |
| <b>Total investments.....</b>                    | <b>\$ 776</b>       | <b>+ \$ 22</b> | <b>+ \$ 56</b> |
| <b>Total loans &amp; investments</b>             | <b>\$1,281</b>      | <b>+ \$ 39</b> | <b>+ \$122</b> |
| Reserve with F. R. Bank.....                     | 603                 | + 56           | + 76           |
| Cash in vault.....                               | 23                  | .....          | + 3            |
| Balances with other banks.....                   | 214                 | + 5            | - 2            |
| Other assets—net.....                            | 81                  | .....          | - 2            |
| <b>Liabilities</b>                               |                     |                |                |
| Demand deposits, adjusted                        | \$1,222             | + \$104        | + \$205        |
| Time deposits.....                               | 260                 | + 1            | - 6            |
| U. S. Government deposits.....                   | 13                  | + 3            | - 40           |
| Interbank deposits.....                          | 474                 | - 8            | + 35           |
| Borrowings.....                                  | .....               | .....          | .....          |
| Other liabilities.....                           | 16                  | - 1            | + 1            |
| Capital account.....                             | 217                 | + 1            | + 2            |

\* Revised.

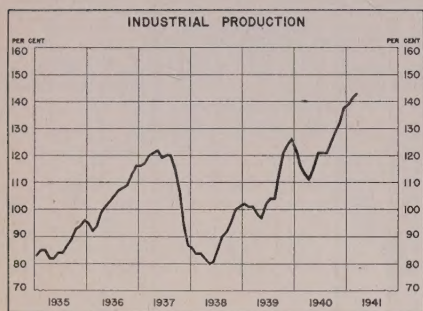
| Philadelphia Federal Reserve District<br>(Millions of dollars) | Changes in weeks ended— |              |              |              |              | Changes<br>in five<br>weeks |
|----------------------------------------------------------------|-------------------------|--------------|--------------|--------------|--------------|-----------------------------|
|                                                                | Mar.<br>26              | Apr.<br>2    | Apr.<br>9    | Apr.<br>16   | Apr.<br>23   |                             |
| <b>Sources of funds:</b>                                       |                         |              |              |              |              |                             |
| Reserve bank credit extended in district.....                  | - 3.7                   | + 2.2        | + 1.2        | + 7.0        | - 4.9        | + 1.8                       |
| Commercial transfers (chiefly interdistrict).....              | +18.9                   | +30.8        | +11.9        | -25.4        | +34.8        | +71.0                       |
| Treasury operations.....                                       | + 0.6                   | -12.4        | +17.9        | +12.3        | -20.5        | - 2.1                       |
| <b>Total.....</b>                                              | <b>+15.8</b>            | <b>+20.6</b> | <b>+31.0</b> | <b>- 6.1</b> | <b>+ 9.4</b> | <b>+70.7</b>                |
| <b>Uses of funds:</b>                                          |                         |              |              |              |              |                             |
| Currency demand.....                                           | + 2.0                   | + 3.7        | + 6.8        | - 2.5        | + 0.5        | +10.5                       |
| Member bank reserve deposits.....                              | +16.5                   | +16.1        | +24.5        | - 7.0        | + 9.5        | +59.6                       |
| "Other deposits" at Reserve Bank.....                          | - 2.8                   | + 0.8        | - 0.2        | + 3.3        | - 0.6        | + 0.5                       |
| Other Federal Reserve accounts.....                            | + 0.1                   | + 0.0        | - 0.1        | + 0.1        | + 0.0        | + 0.1                       |
| <b>Total.....</b>                                              | <b>+15.8</b>            | <b>+20.6</b> | <b>+31.0</b> | <b>- 6.1</b> | <b>+ 9.4</b> | <b>+70.7</b>                |

| Member bank<br>reserves<br>(Daily averages;<br>dollar figures in<br>millions) | Held    | Re-<br>quired | Ex-<br>cess | Ratio<br>of<br>excess<br>to re-<br>quired |
|-------------------------------------------------------------------------------|---------|---------------|-------------|-------------------------------------------|
| <b>Phila. banks:</b>                                                          |         |               |             |                                           |
| 1941: Mar. 1-15.....                                                          | \$525.3 | \$237.2       | \$288.1     | 121%                                      |
| Mar. 16-31.....                                                               | 538.3   | 240.0         | 298.3       | 124 "                                     |
| Apr. 1-15.....                                                                | 573.3   | 250.1         | 323.2       | 129 "                                     |
| 1940: Apr. 1-15.....                                                          | 478.3   | 216.7         | 261.6       | 121 "                                     |
| <b>Country banks:</b>                                                         |         |               |             |                                           |
| 1941: Mar. 1-15.....                                                          | 192.2   | 103.0         | 89.2        | 87 "                                      |
| Mar. 16-31.....                                                               | 193.4   | 103.8         | 89.6        | 86 "                                      |
| Apr. 1-15.....                                                                | 195.0   | 105.1         | 89.9        | 86 "                                      |
| 1940: Apr. 1-15.....                                                          | 181.4   | 95.2          | 86.2        | 91 "                                      |

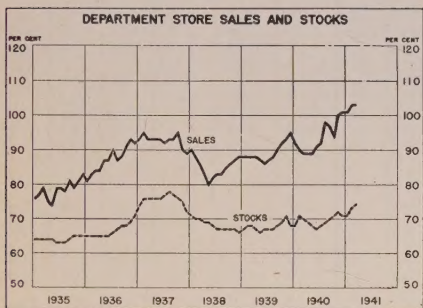
| Federal Reserve<br>Bank of Phila.<br>(Dollar figures in<br>millions) | Apr.<br>23,<br>1941 | Changes in—    |                 |
|----------------------------------------------------------------------|---------------------|----------------|-----------------|
|                                                                      |                     | Five<br>weeks  | One<br>year     |
| Bills discounted.....                                                | \$0.1               | - \$0.1        | - \$0.1         |
| Bills bought.....                                                    | 0                   | 0              | 0               |
| Industrial advances.....                                             | 2.3                 | + 0.1          | - 0.4           |
| U. S. securities.....                                                | 173.1               | - 1.7          | - 23.8          |
| <b>Total.....</b>                                                    | <b>\$175.5</b>      | <b>- \$1.7</b> | <b>- \$24.3</b> |
| Note circulation.....                                                | 430.9               | + 9.4          | + 85.6          |
| Member bk. deposits.....                                             | 781.4               | + 59.6         | + 91.4          |
| U. S. general account.....                                           | 53.5                | - 17.9         | + 26.5          |
| Foreign bk. deposits.....                                            | 77.9                | + 1.9          | + 40.8          |
| Other deposits.....                                                  | 24.2                | + 0.5          | + 8.3           |
| Total reserves.....                                                  | 1215.9              | + 53.4         | +280.0          |
| Reserve ratio.....                                                   | 88.9%               | + 0.5%         | + 5.0%          |



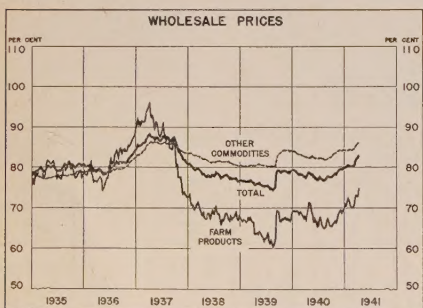
# National Summary of Business Conditions



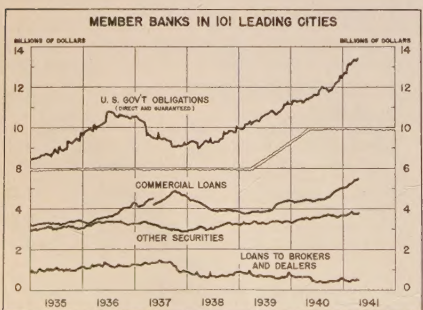
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. By months, January 1935 to March 1941.



Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average=100. By months, January 1935 to March 1941.



Bureau of Labor Statistics' indexes, 1926=100. "Other" includes commodities other than farm products and foods. By weeks, January 5, 1935 to week ending April 12, 1941.



Wednesday figures, January 2, 1935 to April 9, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937 so-called "Other loans" as then reported.

Industrial activity increased further in March but declined somewhat in the first half of April owing to temporary reductions in output of bituminous coal and automobiles. Wholesale prices of many commodities advanced considerably and the government took steps to limit price advances of some additional industrial materials.

## PRODUCTION

Volume of industrial output continued to increase in March and the Board's seasonally adjusted index rose from 141 to 143 per cent of the 1935-39 average. Activity increased further in most durable goods industries, particularly in those producing machinery, aircraft, ships, and armament. Steel production increased to about 100 per cent of rated capacity.

Automobile production, which usually increases considerably in March, showed little change from the high rate reached in February. In the first half of April output was reduced considerably owing to a shutdown at plants of the Ford Motor Company during an industrial dispute which was settled about the middle of the month. Retail sales of new and used cars advanced to new peak levels in March and dealer's stocks at the beginning of April amounted to about a month's supply at the current rate of sales. Output of lumber, which had been sustained at unusually high levels during the winter months, rose less than seasonally.

Activity in the textile and shoe industries increased further in March. Cotton consumption rose to a record level of 854,000 bales and there was also an increase in rayon deliveries. At wool textile mills activity was sustained at the peak rate reached in February, not showing the usual large seasonal decline, and in the chemical and rubber industries further advances were reported.

Bituminous coal production rose considerably, while output of crude petroleum was maintained in March at about the rate that had prevailed in the four preceding months. In the first half of April coal production declined sharply, however, as most mines were closed pending conclusion of contract negotiations between mine operators and the miners' union. Production of nonferrous metals continued in large volume in March and deliveries of refined copper showed a sharp rise as domestic production was supplemented by supplies received from South America.

Construction contract awards rose sharply in March and were larger than in any month since the middle of 1930, according to the F. W. Dodge Corporation data. The rise was chiefly in awards for publicly-financed work, which had been reduced considerably in January and February, and in private nonresidential projects, particularly factory construction. Awards for private residential building, which had been unusually large during the winter months, showed less than the customary seasonal rise in March.

## DISTRIBUTION

In March distribution of commodities to consumers was sustained at the high level reached in February. Sales at mail-order houses and department stores increased seasonally and variety store sales showed more than the usual seasonal rise.

Freight-car loadings increased by about the usual seasonal amount. Loadings of coal and grain rose considerably, while shipments of miscellaneous freight, which in previous months had risen steadily, on a seasonally adjusted basis, showed a smaller increase than is usual at this time of year.

## COMMODITY PRICES

Prices of basic commodities continued to advance sharply from the middle of March to the middle of April. There were substantial increases in prices of domestic foodstuffs and further advances in burlap, cotton, rubber, and lead. Increases were also reported in wholesale prices of a number of manufactured products and the general index of the Bureau of Labor Statistics rose two points to 83 per cent of the 1926 average.

Informal action was taken by the government to discourage price increases of some additional industrial materials and maximum price schedules were established for steel, bituminous coal, secondary and scrap aluminum and zinc, and iron and steel scrap. Sharp reductions in prices of some kinds of nonferrous metal scrap resulted. Announcement of an expanded federal purchase program for hog, dairy, and poultry products was followed by price increases for these and related products.

## BANK CREDIT

Total loans and investments at reporting member banks in 101 cities increased during March and the first two weeks of April. Commercial loans continued to rise substantially, and holdings of United States Government securities increased further, reflecting purchases of new Treasury offerings.

## UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government securities declined irregularly from March 15 to April 9 but subsequently rose slightly. The 1960-65 bonds showed a net loss of about  $\frac{3}{4}$  of 1 point on April 15, following a rise of about  $\frac{3}{4}$  points in the previous month. The yield on this issue on April 15 was 2.14 per cent, compared with 2.03 per cent at the all-time peak in prices on December 10, and 2.30 per cent at the recent low in prices on February 15.